National Bank of Ukraine

Banking Sector Review

November 2022

In Q3, the banking sector continued to adapt to working in crisis conditions. In free oblasts and those liberated in spring, the bank network is now almost fully operational, while the operation of branches in regions liberated in autumn has been recovering rapidly. In addition to growth in hryvnia retail and corporate bank deposits, term deposits in hryvnia and foreign currencies have started to increase for the first time since the start of the full-scale war. This helped maintain strong liquidity of the banking system. Interest rates on hryvnia deposits increased, driven by the NBU raising the key policy rate and by higher inflation. The sector's net assets exceeded the pre-war level, primarily thanks to growth in holdings of NBU's certificates of deposit and deposits with other banks. However, the net loan portfolio declined overall. Corporate loan portfolios grew only at state-owned banks on the back of state support programs. The ratio of nonperforming loans (NPL) rose, with the fastest growth seen in the retail segment. Despite heavy provisioning, the sector posted a profit as of the end of the quarter, following a loss recorded in H1. This was facilitated by sustained operational efficiency. Credit risk remains the main risk banks are facing. At the same time, other risks rose as well: capital risk, operational risk, and – for some banks – liquidity risk.

Sector Structure

As of 1 October 2022, 67 banks operated in Ukraine. In Q3, the number of active financial institutions declined by one bank (BANK SICH JSC), which accounted for only 0.1% of solvent banks' net assets. The bank was declared insolvent in August after it defaulted on NBU refinancing loans, and its liquidation procedure started in early October.

The sector's structure by groups of banks has not changed over the quarter: state-owned banks account for more than a half of the sector's net assets (50.6%).

Assets

Net assets of solvent banks grew by 7.5% qoq. The largest growth was observed in NBU certificates of deposit and account balances with other banks. The account balances grew due to the adjustment of the exchange rate, although they decreased at the fixed exchange rate. The net loan portfolio declined – primarily, as a result of additional provisioning. Net corporate loans decreased over the quarter: by 2.2% for hryvnia loans and by 10.0% for FX loans in the U.S. dollar equivalent. The net hryvnia loan portfolio grew only in the group of state-owned banks, by 4.3% qoq. Activity under state lending programs declined in Q3. As a result, outstanding debt of borrowers under the state program Affordable Loans 5-7-9% increased by 2.3% in Q3 (compared to 51.9% in Q2). A total of UAH 96.3 billion has already been issued under this program, which is 29% of the gross portfolio of performing hryvnia corporate loans.

In annual terms, the net hryvnia corporate loan portfolio increased by 10.2%, while the net FX corporate loan portfolio (in the U.S. dollar equivalent) rose by 13.6%.

The net retail loan portfolio shrank by 13.8% qoq in Q3, mainly at foreign- and state-owned banks, which was due to both a decrease in lending volumes and an increase in provisioning.

The financial institutions have been gradually recognizing their credit losses caused by the war. Overall, the share of NPLs grew by 3.9 pp over the quarter, to 33.6%, and by 7.0 pp since the start of the full-scale invasion. The NPL ratio rose the most in the retail segment – by 11.6 pp, while the share of nonperforming corporate loans rose by 6.0 pp. Loans were recognized nonperforming mainly as payments fell past due. From July, the NBU has re-imposed the requirement to take this parameter into account when assessing credit risk.

Funding

Liabilities of solvent banks rose by 7.9% qoq, largely driven by growth in retail and corporate deposits as a result of FX revaluation. The deposits remain the main funding source for banks (86.8% of liabilities). The share of funds borrowed from the NBU shrank to a two-year low of 3.4% as the banks gradually repaid refinancing loans. As of the end of Q2, the financial institutions' gross external debt fell deeper, to USD 2.4 billion (the level of 2004).

Hryvnia retail deposits grew by 2.7% qoq and 31.1% yoy. The growth was the fastest at Oschadbank and PrivatBank – 9.3% and 4%, respectively. Among other things, this was due to salary projects, including salary projects for the army. Thanks to higher bank rates, term deposits returned to growth, increasing by 2.2% for the first time since the start of the war. New deposits were mainly attracted for the term of up to three months, and their share doubled compared to the pre-war period.

FX retail deposits with banks remained almost unchanged over the quarter. However, FX term loans increased by 5.9% (in the U.S. dollar equivalent) as the NBU allowed buying foreign currency at the exchange rate that is close to the official exchange rate for opening deposits maturing in not less than three months. This trend has continued since August.

Hryvnia corporate deposits grew by 3.7% qoq (8.5% yoy). The highest growth rates were seen at private and foreign-owned banks – 8.6% and 4.1%, respectively. The growth accelerated gradually from the middle of the quarter. However, volumes of FX corporate deposits in U.S. dollar terms decreased by almost 2% (-4.5% yoy).

The dollarization rate of client deposits rose by 4.1 pp over the quarter (to 36.8%) as the national currency depreciated by a quarter on 21 July. At the same time, at the official exchange rate effective as from 24 February, the share of FX deposits declined.

Interest Rates

An increase in the cost of refinancing after the NBU raised the key policy rate in June encouraged banks to replace it with deposits. Thus, the financial institutions more actively increased their rates on both retail and corporate deposits in Q3. Rates on new three-month hryvnia retail deposits grew the most rapidly – on average, by 3.2 pp, to 11.3% per annum. The spread between three-month and one-year deposits remained at the minimum throughout the quarter. Interest rates on hryvnia corporate deposits rose by 2.1 pp, to 8.9%. A large liquidity cushion has been restraining growth in deposit rates. However, liquidity was not distributed evenly in the sector, prompting some market players to continue raising interest rates.

In the first two months of the quarter, retail loan rates remained close to 20% per annum. In September, interest rates increased to around 30% per annum – a stable level observed before February 2022. This shift was primarily due to the end of loan repayment holidays introduced by banks at the start of the full-scale war. The cost of hryvnia corporate loans continued to rise in Q3, reaching 20.1% per annum. Interest rates increased mainly on ultra-short loans to large companies. The rise in rates on SME loans was restrained by limits set for the state program Affordable Loans 5-7-9%.

Financial Performance and Capital

Despite heavy provisioning, the sector generated UAH 12 billion of profit in Q3, primarily thanks to higher operational efficiency. At the same time, revaluation (of foreign currencies, securities, and derivatives) accounted for almost a third of the sector's operating income. Taking into account the loss made in H1, the profit in the first nine months of the year amounted to UAH 7.4 billion. There remained 23 loss-making institutions, which took a combined loss of UAH 18.2 billion. In particular, two state-owned banks posted negative financial results.

Amid the war and high credit risk, the banks have been trying to raise their operational efficiency. The cost-to-income ratio (CIR)[1] in Q3 was 36.5%, compared to 44.6% in Q3 2021. Net interest margin remained high, and net interest income grew by 28.5% yoy in annual terms. In July–August, net fee and commission income was lower than last year. However, in September, it grew year-on-year for the first time since the start of the full-scale russian invasion (by 6.6%). Cumulatively over the quarter, it shrank by only 8.6% yoy.

Rapid growth of operating income was supported by significant gains from revaluation of securities linked to the U.S. dollar exchange rate and higher incomes from FX transactions. However, even not taking into account the revaluation gains, 57 banks recorded operating profits.

At the same time, the financial institutions have to set aside large provisions for losses caused by the war. In Q3, UAH 33.5 billion was allocated for loan loss provisions and another UAH 7.1 billion for securities provisions. The recognition of actual asset quality will continue, leading to further growth in provisions.

Prospects and Risks

The NBU expects the banks to take a prudent approach to assessing credit risk, especially for borrowers that have lost their income and are not able to resume servicing their loans. The regulator encourages flexible restructurings, but they should be rational and offered only to borrowers that have the potential to recover their income. It is also important that the banks perform proper evaluation of collaterals, recognizing the loss of access to property, its damage, or destruction in a timely manner. In order to make sure that the banks use correct approaches to credit risk assessment, the NBU will hold an asset quality review next year.

The sector's liquidity generally remains high, but inflows of funds are uneven across groups of banks. A number of financial institutions already face liquidity pressures. In order to manage these risks, the banks must be flexible in their interest rate response to changes in market conditions.

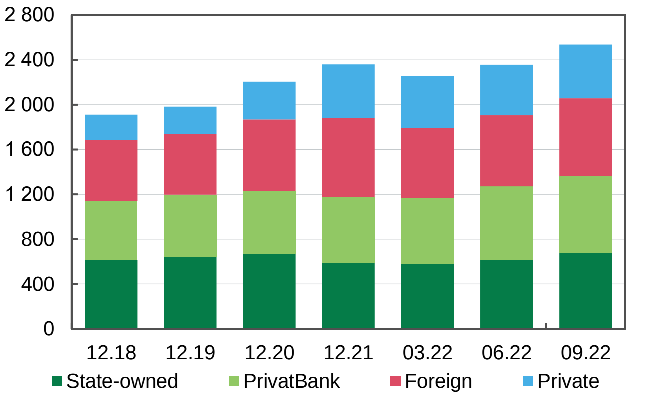
The consequences of russia's terrorist attacks on critical infrastructure will pose a threat that operational risks might materialize, in particular due to electricity supply disruptions. The banks should prepare business continuity plans for the case of a blackout.

[1] Excluding the revaluation of securities, foreign currencies, and derivatives.

Sector Structure

In Q3, total assets grew by 7.6% (by 0.8% at the fixed exchange rate), the growth being generated mainly by state-owned banks. Private BANK SICH JSC (0.1% of the sector's net assets) did not fulfill its obligations under NBU refinancing loans due to the lack of funds, and was declared insolvent in August 2022.

Figure 1. Total bank assets, UAH billions*



* Quarterly data, including adjustment entries. Solvent banks were divided into groups according to the classification in the respective reporting period.

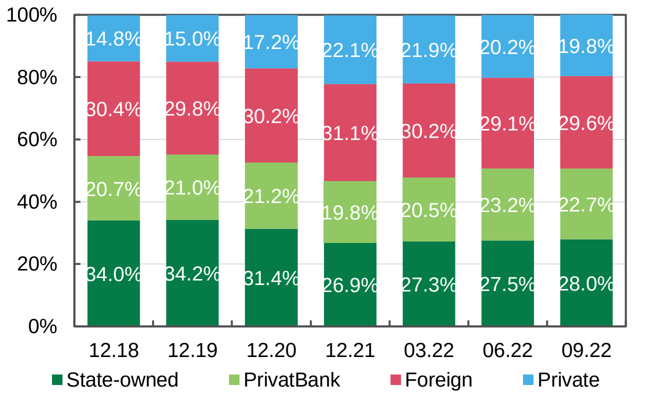
Table 1. Number of banks*

	2018	2019	2020	2021	Q1 22	Q2 22	Q3 22
Solvent	77	75	73	71	69	68	67
Change	-5	-2	-2	-2	-2	-1	-1
State-owned, incl. PrivatBank	5	5	5	4	4	4	4
Change	0	0	0	-1	0	0	0
Foreign-owned	21	20	20	20	16	16	16
Change	-2	-1	0	0	-4**	0	0
Private	51	50	48	47	49	48	47
Change	-3	-1	-2	-1	+2**	-1	-1

* As of end of period.
** Two foreign-owned banks were moved to the group of private banks.

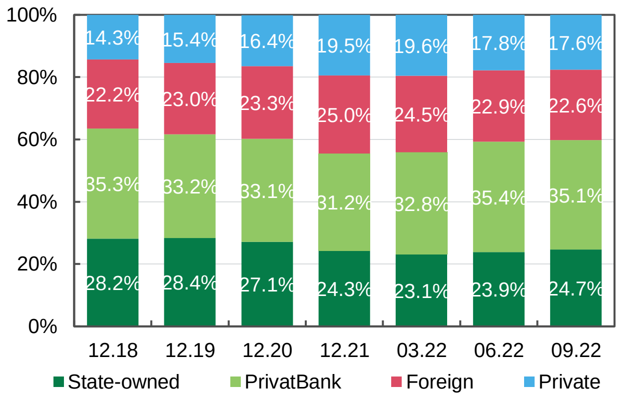
The structure of net assets and deposits by groups of banks did not change much in Q3. State-owned banks, including PrivatBank, continue to account for more than a half of the sector – 50.6% by net assets. The share of state-owned banks in retail deposits grew somewhat, by 0.5 pp.

Figure 2. Distribution of net assets by group of banks*



* Quarterly data, including adjustment entries.

Figure 3. Distribution of retail deposits by group of banks



An increase in net assets of a number of foreign-owned banks slightly reduced the sector's concentration rate.

Figure 4. Largest banks' share of sector net assets

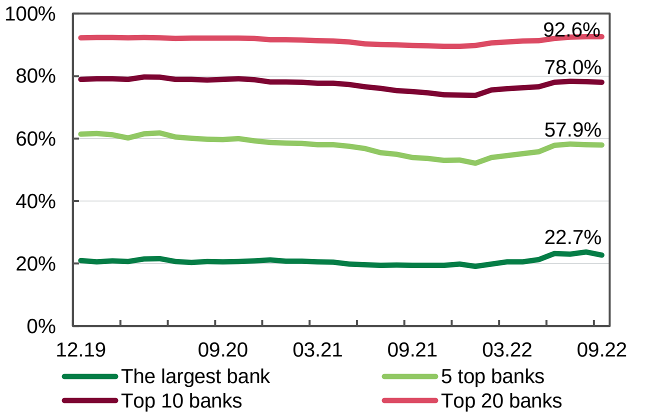
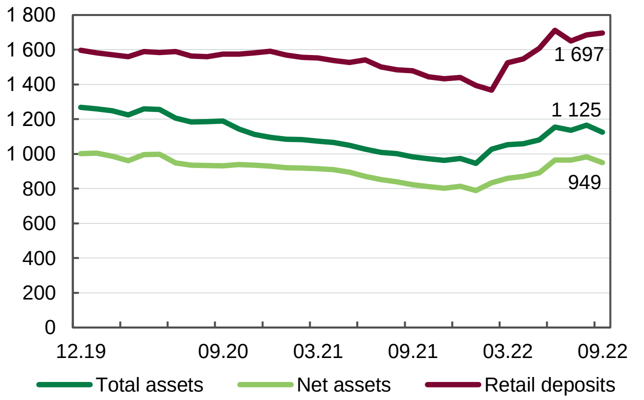


Figure 5. Concentration as measured by the HHI indicator*

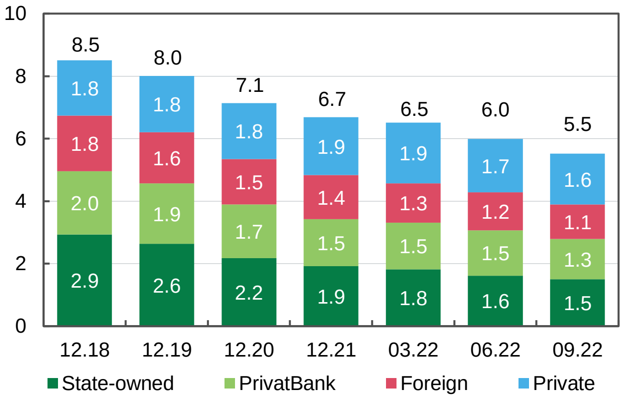


* The Herfindahl-Hirschman Index (HHI) is an indicator of banking sector concentration. It is calculated by summing the squared market shares of individual banks. The index ranges from 0 to 10,000, with values below 1,000 indicating low market concentration. Retail deposits include certificates of deposit.

Banking Infrastructure

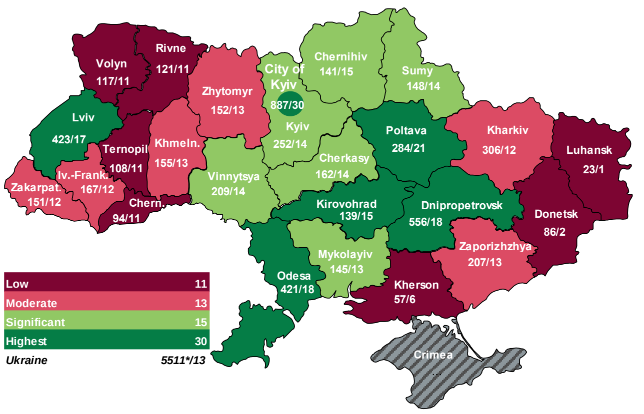
Banks continued to reduce their branch networks in Q3. PrivatBank and Oschadbank closed the largest number of branches (158 and 68, respectively). Foreign-owned and private banks also actively wound down their units. By region, the largest number of standalone units were shut down in Donetsk and Kharkiv oblasts (102 and 57, respectively).

Figure 6. Number of bank structural units, thousands*



* Standalone bank structural units and head offices.

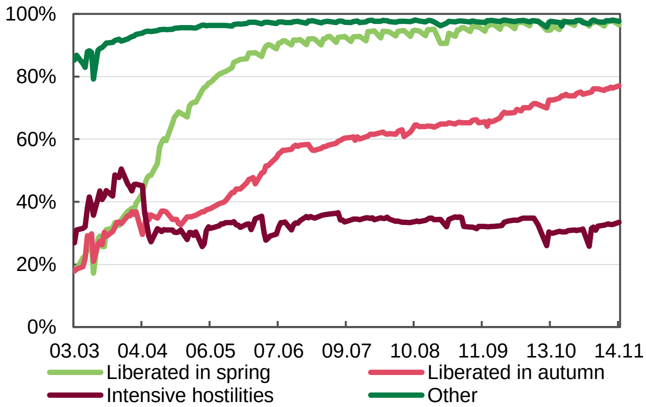
Figure 7. Operating bank structural units by region as of 1 October 2022, structural units per 100,000 individuals



The calculation takes into account the existing population as of 1 February 2022. * Excluding five structural units (three of them abroad).

In Q3, the banks recovered their branch networks in the regions that were liberated in spring to the level of oblasts not affected by occupation. The banks have been quickly recovering operations of their units in the regions de-occupied in spring.

Figure 8. Share of operating branches of systemically important banks

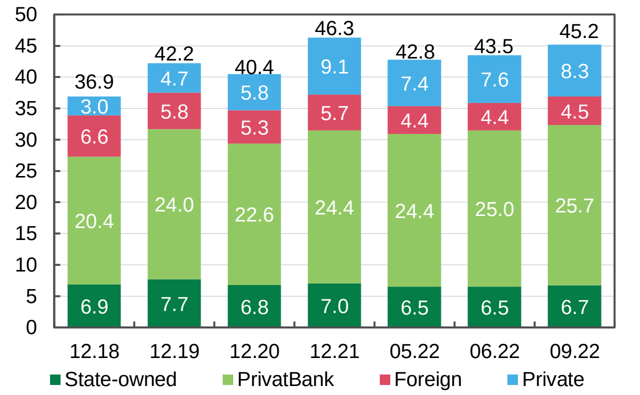


Regions are classified into three groups: "Liberated in spring" – Kyiv city and Kyiv, Sumy, and Chernihiv oblasts; "Liberated in autumn" – Kharkiv and Mykolaiv oblasts; "Intensive hostilities" – Donetsk, Luhansk, Zaporizhzhia, and Kherson oblasts.

Source: a survey of systemically important banks.

In July–September, the number of active payment cards grew across all groups of banks.

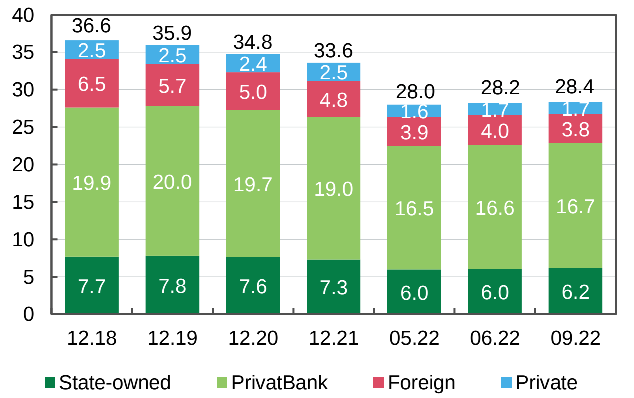
Figure 9. Number of active payment cards by groups of banks, million units



Submission of information for Figures 9–11 resumed on 1 June 2022.

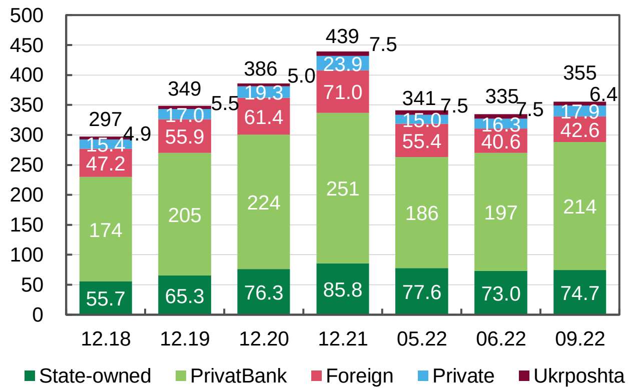
The banks' POS-terminal networks were recovering in Q3. PrivatBank (+16,700 terminals) and foreign-owned banks (+1,900 terminals) showed the highest recovery rates. The number of ATMs increased for all groups of banks, except foreign-owned ones.

Figure 10. Number of the banks' ATMs*, thousands of units



* Number of self-service bank machines (ATMs, deposit ATMs, and self-service kiosks).

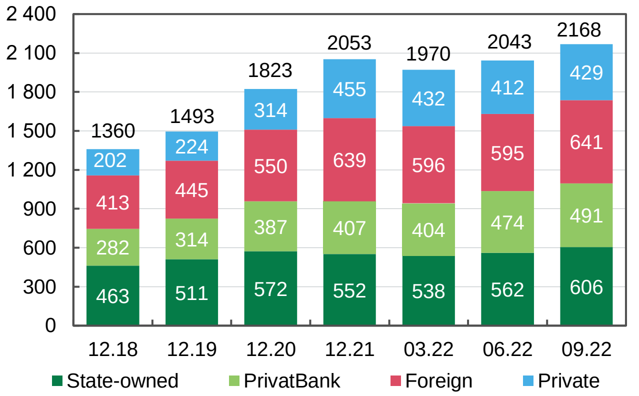
Figure 11. Number of POS terminals, thousands of units



Assets

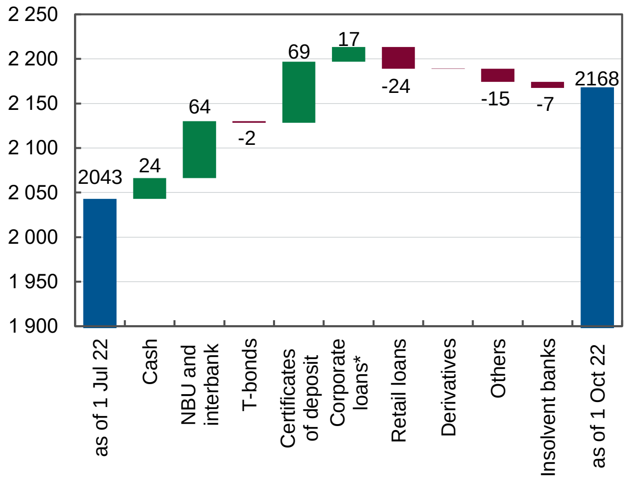
The banks' net assets increased by 7.6% in Q3 thanks to state-owned banks (including PrivatBank). This growth was mainly driven by growth in account balances with other banks and NBU certificates of deposit. At the same time, at the start-of-the-quarter exchange rate, net assets decreased somewhat (-0.4%), and account balances with other banks dropped (-5.4%). On the other hand, net loan portfolio of clients declined by 1.0% due to loan provisioning and a slowdown in lending, primarily FX corporate and retail lending.

Figure 12. Net assets* by group of banks, UAH billions



* Adjusted for loan loss provisions of banks. Quarterly data, including adjustment entries.

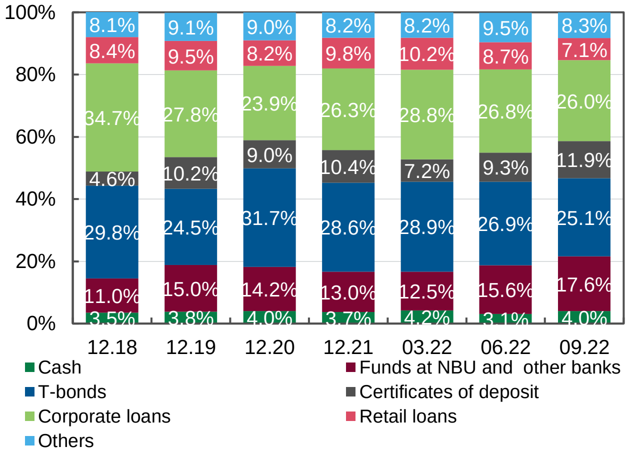
Figure 13. Change in net assets by component in Q3 2022, UAH billions



* Growth in corporate loans is primarily related to FX revaluation.

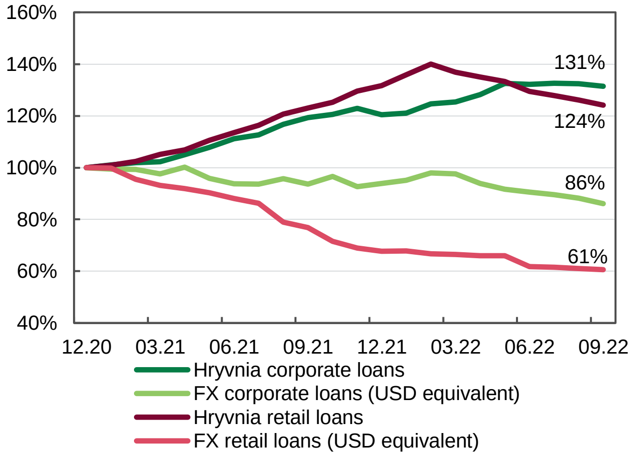
Gross hryvnia corporate loans remained almost unchanged over the quarter as state support programs were limited. At the same time, FX corporate loans declined by 4.9%. Gross retail loans continued to decrease: by 4.3% in hryvnia and by 1.9% in foreign currencies.

Figure 14. Sector net assets by component*



* Adjusted for loan loss provisions of banks. Quarterly data, including adjustment entries.

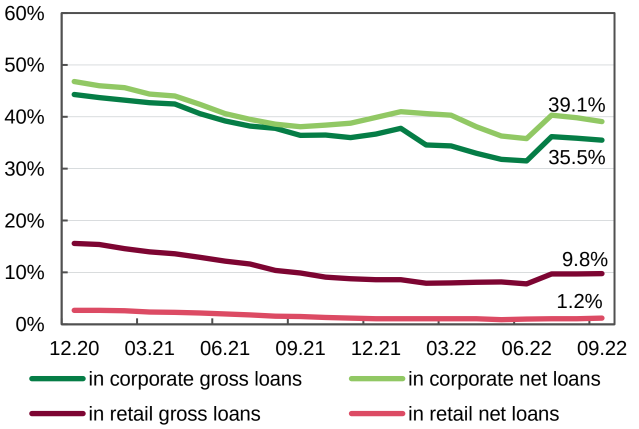
Figure 15. Gross corporate and retail loans, 2020 = 100%



* Issued by banks that were solvent as of 1 October 2022.

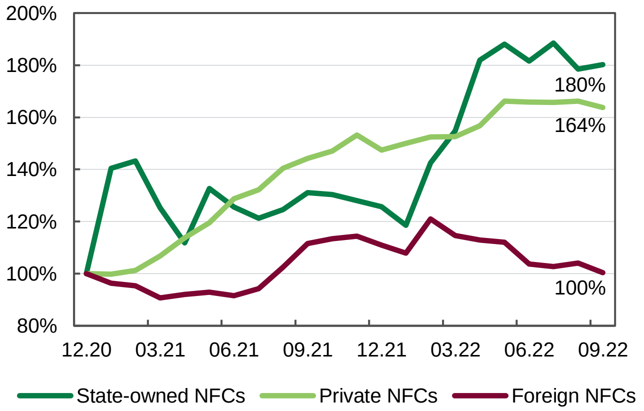
The dollarization of net corporate loans decreased by 2.9 pp in Q3, despite the adjustment of the hryvnia exchange rate.

Figure 16. Share of foreign-currency loans



Net loans to nonfinancial corporations declined in Q3. In particular, the decline was the fastest for corporations under foreign control (3.3%).

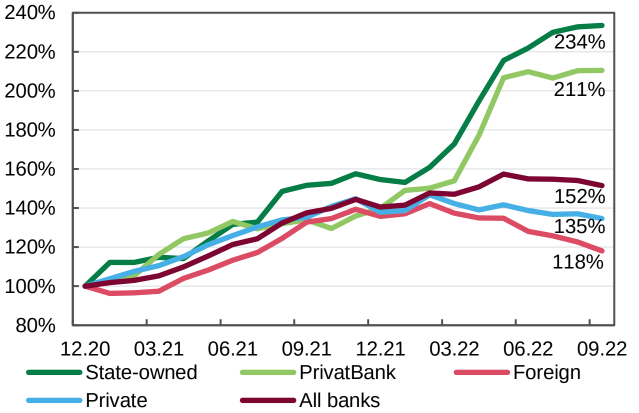
Figure 17. Net loans to nonfinancial corporations (NFCs) in the hryvnia, 2020 = 100%*



* Issued by banks that were solvent as of 1 October 2022.

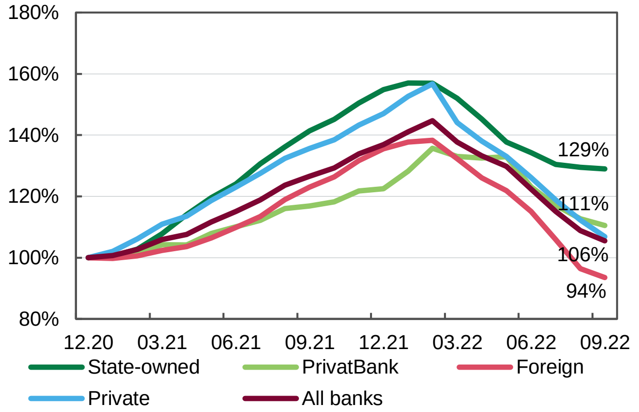
Net hryvnia corporate loans dropped by 2.2% qoq, while growing by 10.2% yoy. In Q3, hryvnia corporate loans increased only at state-owned banks (by 4.3%). At the same time, foreign-owned and private banks saw net loans decline – by 7.8% and 2.9%, respectively. Net hryvnia retail loans fell sharply: by 13.8% in September. In annual terms, they decreased by 16.7%.

Figure 18. Net hryvnia corporate loans, 2020 = 100%*



* Issued by banks that were solvent as of 1 October 2022.

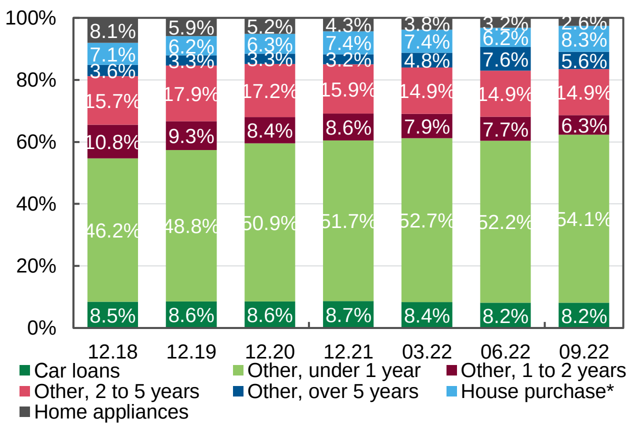
Figure 19. Net hryvnia retail loans, 2020 = 100%*



* Issued by banks that were solvent as of 1 October 2022.

In Q3, retail loans decreased across all types of loans by purpose, except an occasional increase in loans to purchase real estate.

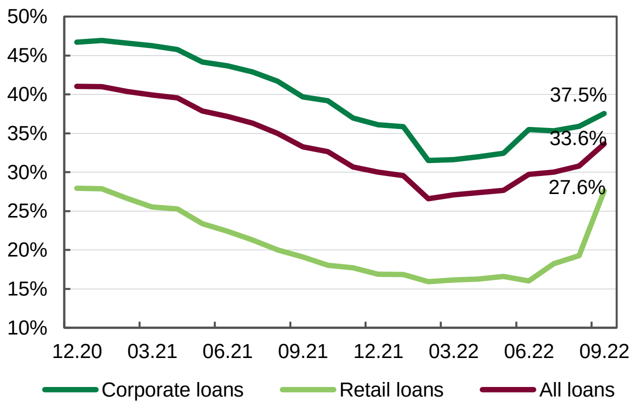
Figure 20. Net hryvnia retail loans by purpose



* For the purchase, construction, and renovation of real estate.

The NPL ratio increased by 3.9 pp, to 33.6%, primarily as loans were recognized past due by more than 90 days after loan repayment holidays ended in late June. The NPL ratio grew the most in the retail segment in September: by 8.3 pp, to 27.6%.

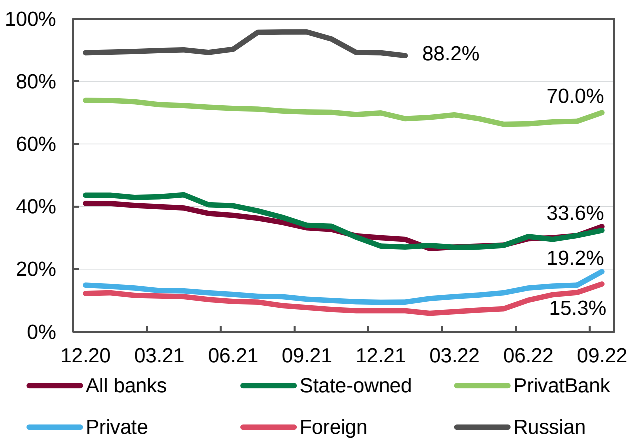
Figure 21. Banks' NPL ratios*



* At all banks, including insolvent ones; excluding off-balance sheet liabilities. Individuals, including sole proprietors.

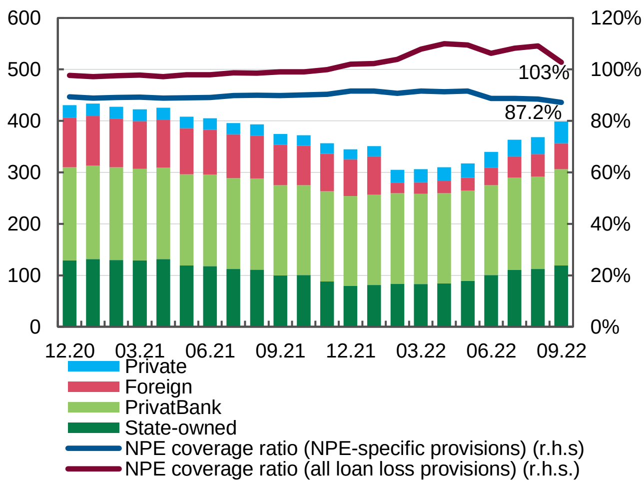
NPL ratios of private banks and banks belonging to foreign banking groups increased the most in Q3 – by 5.2 pp. The recognition of new NPLs reduced the NPL coverage ratio, but this ratio is still very high.

Figure 22. NPLs in loan portfolios by groups of banks*



* Including interbank loans; at all banks, including insolvent ones; excluding off-balance sheet liabilities.

Figure 23. Nonperforming exposures (NPEs, in UAH billions) and coverage ratio*



* Including interbank loans; at all banks, including insolvent ones; excluding off-balance sheet liabilities. Quarterly data, including adjusted entries.

Funding

The volume of solvent banks' liabilities rose by 7.9% qoq in Q3, primarily due to the growth in deposits of retail clients and businesses. At the same time, liabilities remained unchanged based on the exchange rate at the start of the quarter.

Figure 24. Liabilities by groups of banks, UAH billions

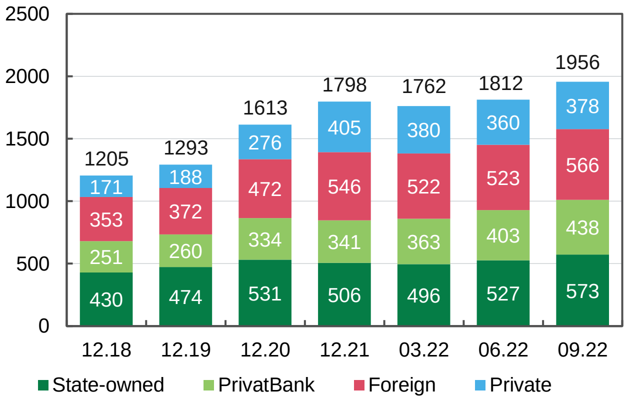
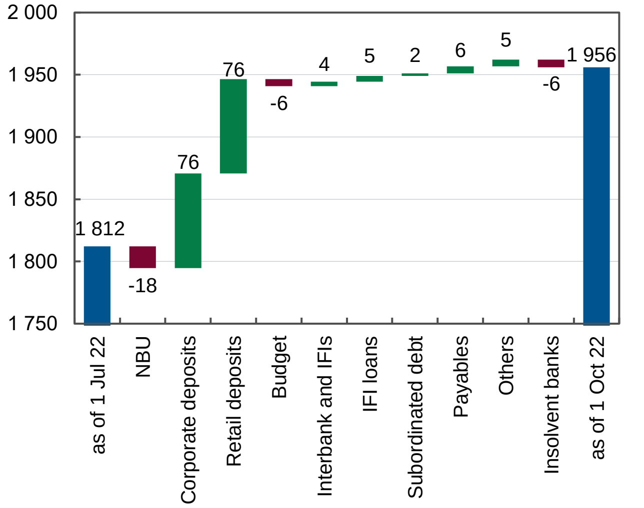
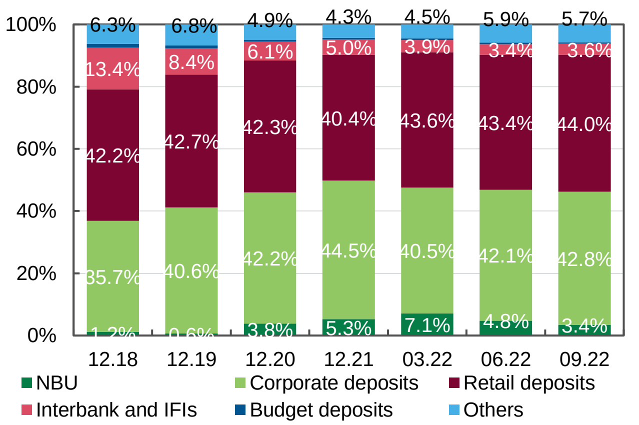


Figure 25. Changes in liabilities in Q3 2022 by component, UAH billions



The share of client deposits increased by 1.3 pp over the quarter (to 86.8%). A slight increase was observed in corporate deposits (0.7 pp) and retail deposits (0.6 pp).

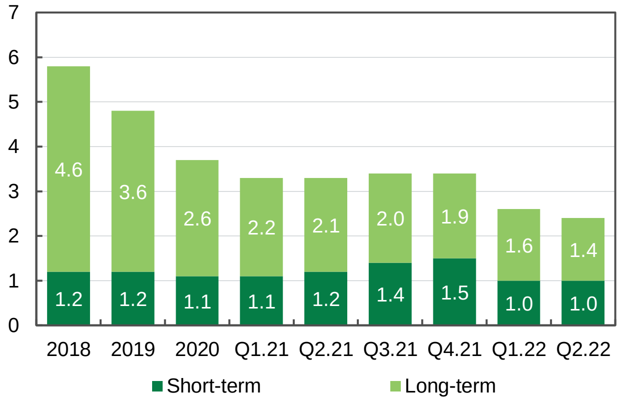
Figure 26. Structure of bank liabilities*



* Including certificates of deposit.

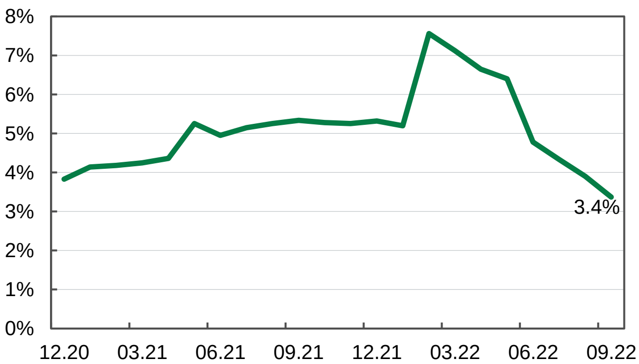
In Q2 2022, the gross external debt of banks declined to USD 2.4 billion as long-term liabilities decreased.

Figure 27. Gross external debt of banks, USD billions



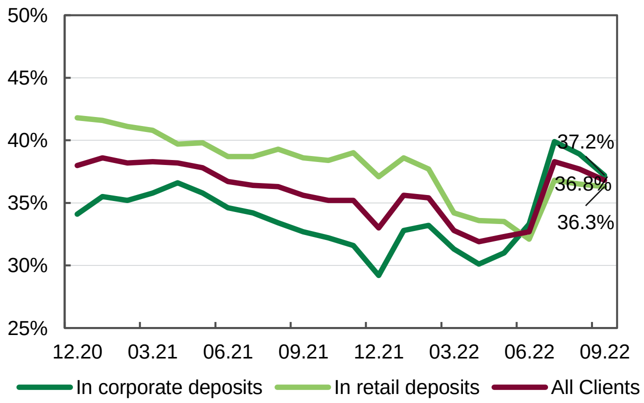
As the banks wanted to replace expensive refinancing loans with cheaper client deposits, the share of NBU funds in the liabilities of the banks contracted by 1.4 pp in September, to a two-year low of 3.4%.

Figure 28. Share of NBU funds in bank liabilities



The dollarization of corporate deposits in Q3 increased by 4.1 pp (to 38.3%), as a result of the exchange rate adjustment and the growth in FX client deposits. The share of FX retail deposits rose even more, by 4.3 pp.

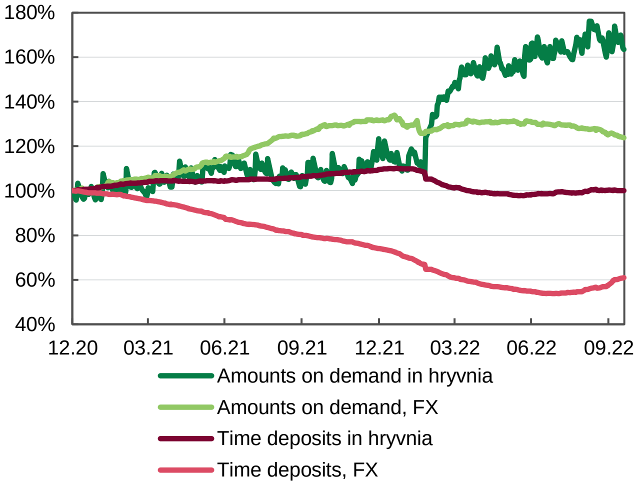
Figure 29. Share of FX deposits*



* At banks that were solvent as of the reporting date.

During the quarter, hryvnia retail deposits increased by almost 3%, while FX retail deposits decrease by 4.1%. FX retail term deposits grew more rapidly (+5.6%) than those in hryvnia (+2.2%) (-5.6% yoy).

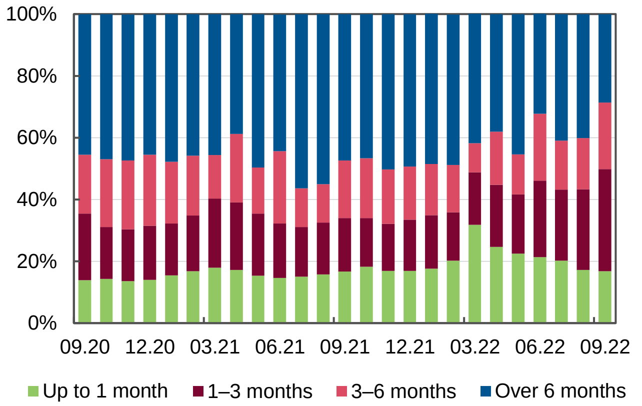
Figure 30. Retail deposits, 2020 = 100%*



* Issued by banks that were solvent as of 1 October 2022.

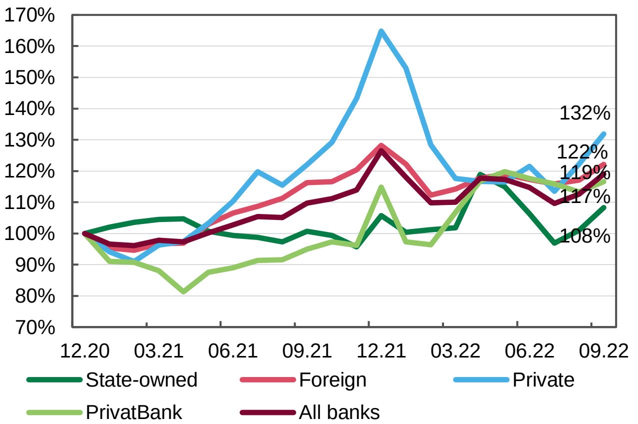
The share of new short-term deposits with up to 1 month's maturity shrank to 16.8%, while the share of new long-term deposits dropped to 28.6%. The majority of new term deposits were opened for one to six months (54.5%).

Figure 31. New hryvnia retail deposits by maturity



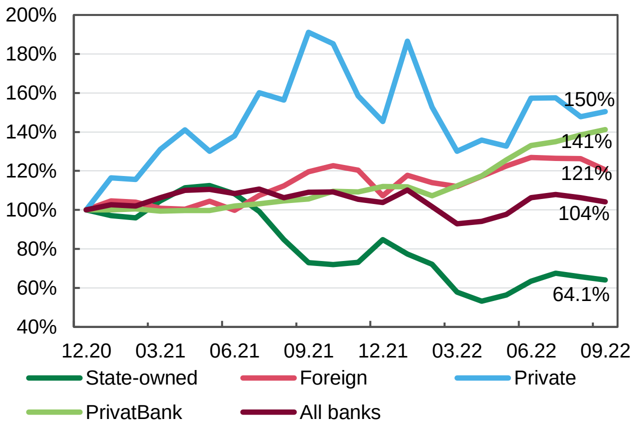
The volume of hryvnia corporate deposits increased by 3.7% qoq (8.5% yoy), as they grew by 8.6% at private banks and by 4.1% at foreign-owned banks. FX deposits decreased by almost 2%. FX deposits grew the most at PrivatBank (by 6.2% qoq).

Figure 32. Hryvnia corporate deposits by groups of banks, 2020 = 100%*



* Issued by banks that were solvent as of 1 October 2022.

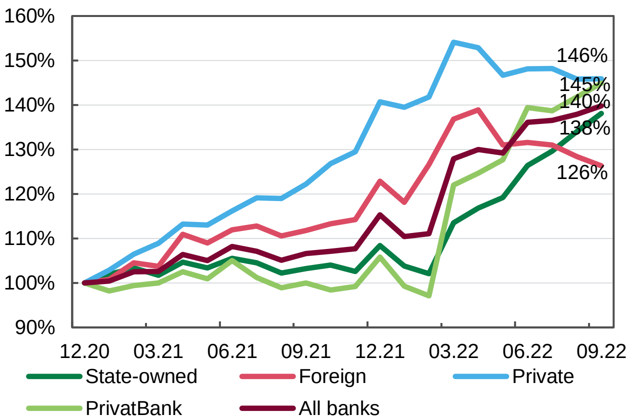
Figure 33. FX corporate deposit dynamics (in U.S. dollar equivalent) by group of banks, 2020 = 100%*



* Issued by banks that were solvent as of 1 October 2022.

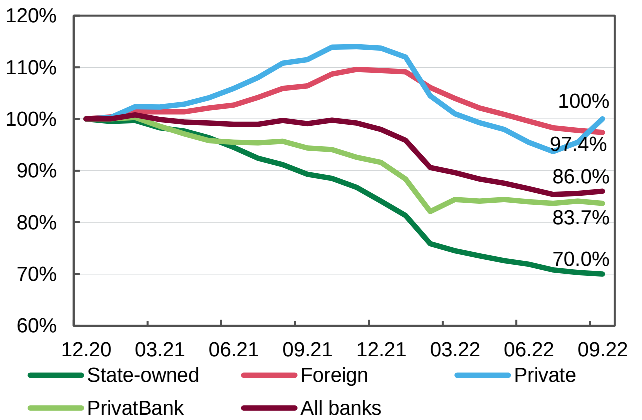
In Q3 2022, the volume of hryvnia retail deposits increased by 2.7% qoq (31.1% yoy). The highest growth rates were recorded by state-owned banks (+9.2%) and PrivatBank (+4%). Volumes of total FX deposits declined at all banks, except private banks (+4.8%). At the same time, FX retail deposits remained almost unchanged, thanks to large inflows of term deposits (+5.9%).

Figure 34. Hryvnia retail deposits by groups of banks, 2020 = 100%*



* Issued by banks that were solvent as of 1 October 2022.

Figure 35. FX retail deposits (in U.S. dollar equivalent) by groups of banks, 2020 = 100%*

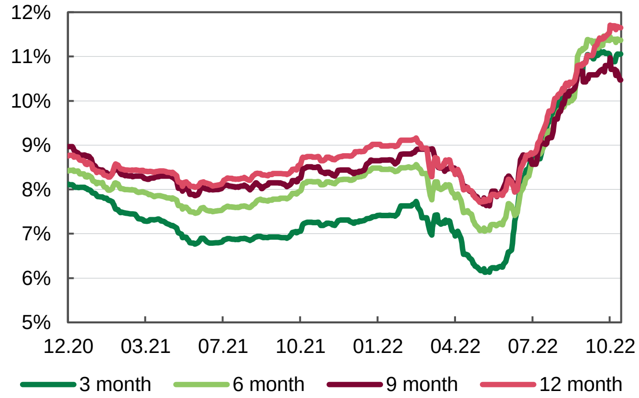


* Issued by banks that were solvent as of 1 October 2022.

Interest Rates

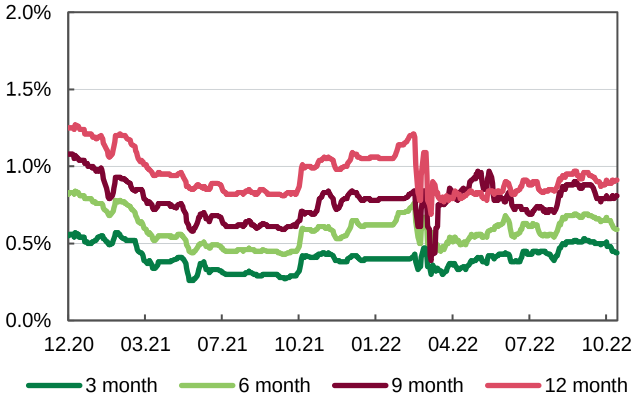
Interest on 12-month hryvnia deposits increased by 3 pp in Q3, to 11.5% per annum, while the spread between rates on 3-month and 12-month deposits remained at its minimum of 0.2 pp as of end-September. In October, the growth stopped and the spread widened to 0.6 pp.

Figure 36. Ukrainian Index of Hryvnia Retail Deposit Rates, % per annum*



* Thomson Reuters data, 5-day moving average.

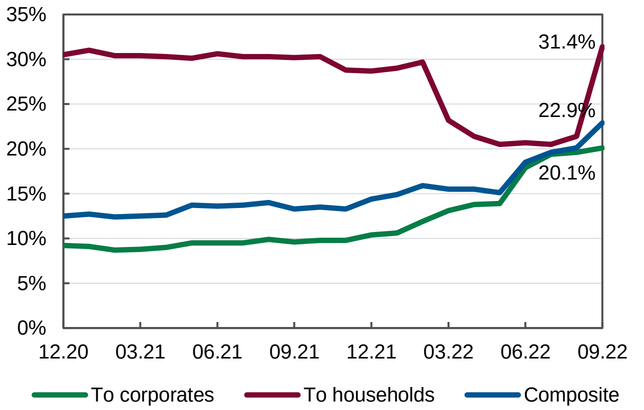
Figure 37. Ukrainian Index of Retail Deposit Rates for U.S. dollar deposits, % per annum*



* Thomson Reuters data, 5-day moving average.

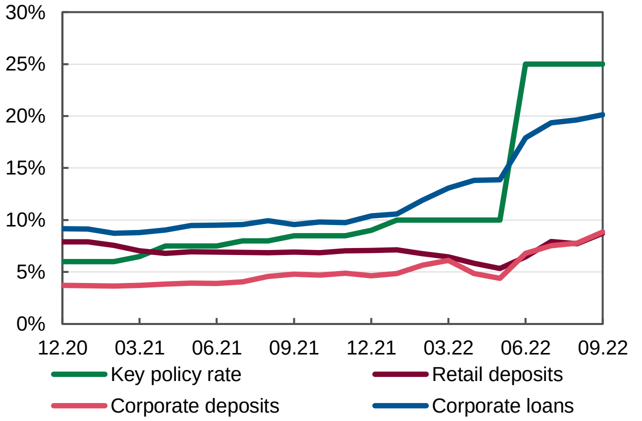
In September, rates on retail loans returned to the pre-war level of more than 30% per annum. Interest rates on corporate loans increased by another 2.2 pp, to 20.1% per annum.

Figure 38. Interest rates on new hryvnia loans*, % per annum



* Without loan rescheduling or any other changes in lending terms.

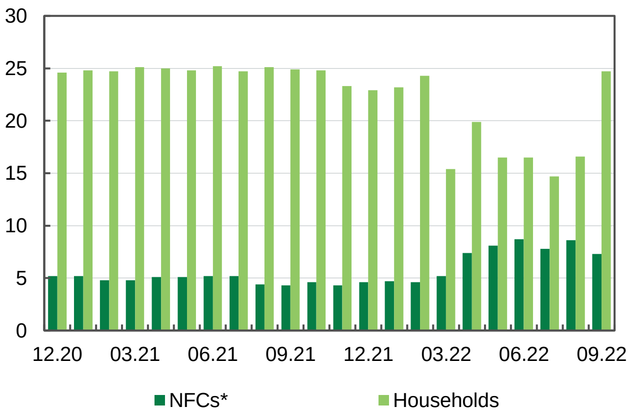
Figure 39. NBU key policy rate and interest rates on new hryvnia deposits and loans*, % per annum



* Daily rates, 5-day moving average.

The spread between interest rates on new loans and deposits in the retail segment widened markedly. That in the corporate segment narrowed slightly. Interest margins continued to grow.

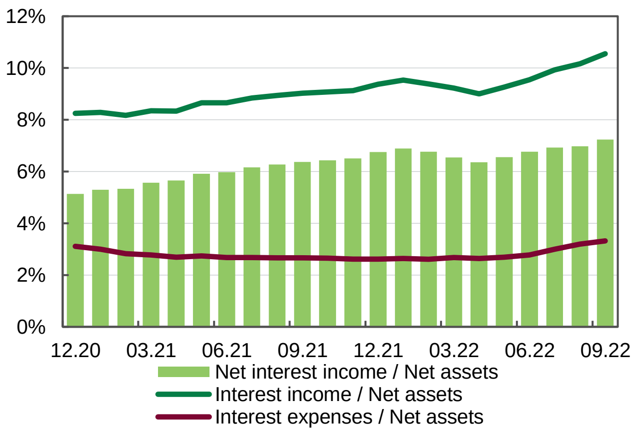
Figure 40. Spread between rates on new loans and deposits, pp



Including insolvent banks. New loans and deposits include amounts under primary agreements that were entered into during the reporting period, as well as those under addendum agreements that changed either the amount or interest rate.

* Non-financial corporations.

Figure 41. Banks' interest margin*

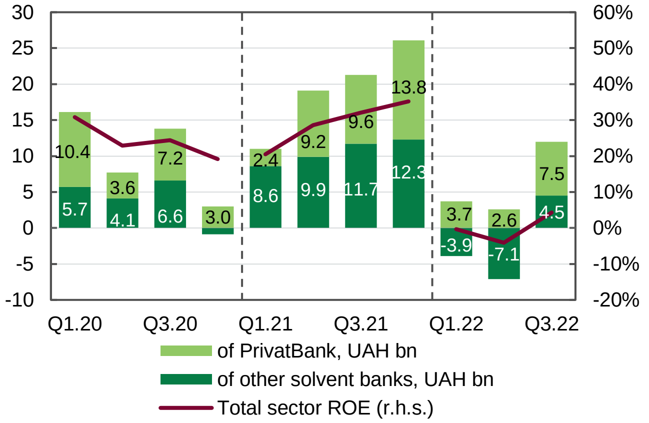


* Net interest income to trailing average of net assets for the reporting month and previous two months. Including insolvent banks.

Financial Results and Capital

The sector generated UAH 12 billion in profits in Q3. PrivatBank accounted for 54% of profits generated by profit-making banks.

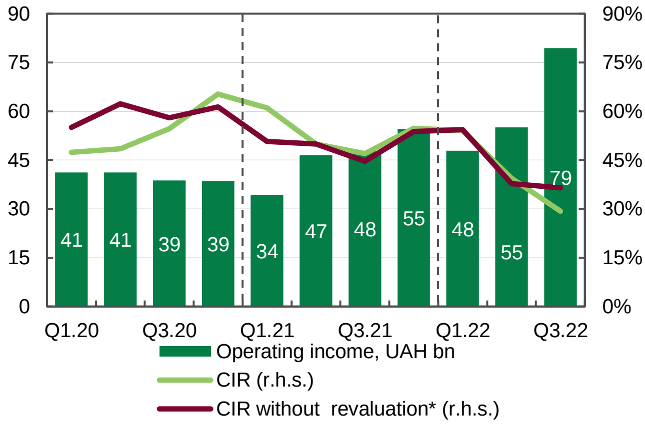
Figure 42. Profit/loss* and return on equity



* Quarterly data, including adjusted entries and excluding several small banks that have not submitted their balance-sheet data with adjusted entries.

The sector's operational efficiency remained high: the CIR* excluding the revaluation of securities, foreign currencies, and derivatives was 36.5%, compared to 44.6% last year.

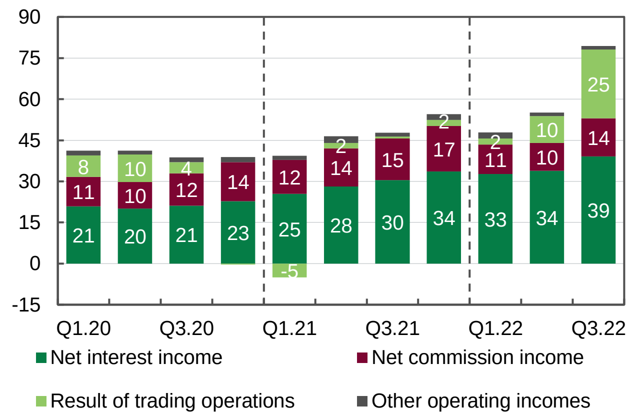
Figure 43. Operating income and operational efficiency of banks



* The CIR (cost-to-income ratio) measures the ratio of operating expenses to operating income.

In Q3, the banks received a significant profit from revaluation of domestic government debt securities and FX purchase and sale transactions. Net interest income increased by 28.5% yoy. Net fee and commission income declined by 8.6% yoy.

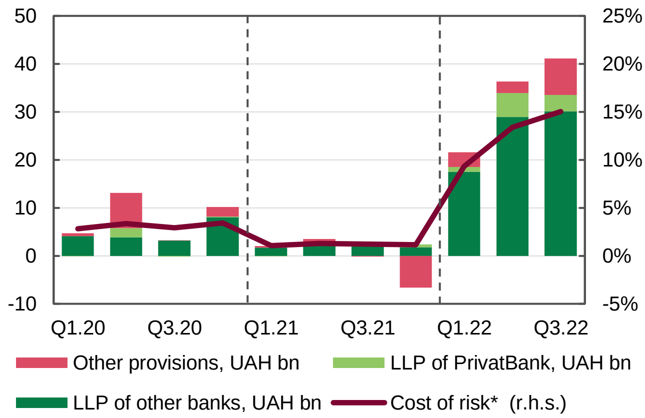
Figure 44. Banks' operating income components for the period*, UAH billions



* Including adjusted entries and excluding several small banks that have not submitted their balance-sheet data with adjusted entries.

Loan provisioning in Q3 amounted to UAH 33.5 billion, or 4.4% of the loan portfolio. Another UAH 7.1 billion was allocated as provisions against domestic government debt securities.

Figure 45. Provisions created over the quarter**



* Annualized loan loss provisions created from the start of the year to the net loan portfolio.
** Including adjusted entries and excluding several small banks that have not submitted their balance-sheet data with adjusted entries.

The regulatory capital adequacy ratio rose by 1.6 pp in Q3, remaining above the minimum requirement. The sector's regulatory capital grew by 3.6%.

Figure 46. Regulatory capital and the regulatory capital adequacy ratio

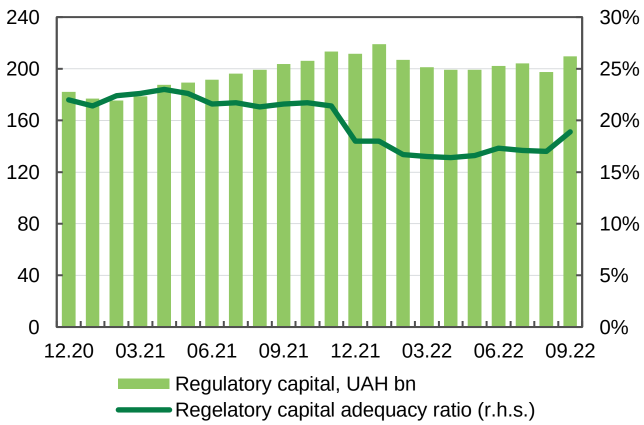
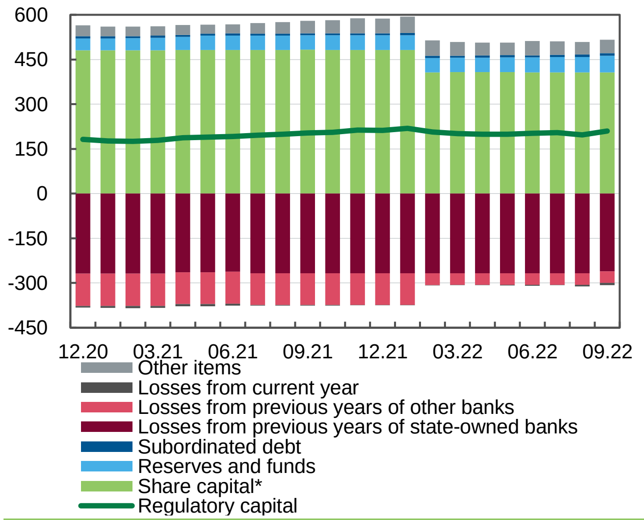


Figure 47. Composition of the banks' regulatory capital, UAH billions



* Registered and unregistered authorized capital.

Table 2. Key banking sector indicators[1]

	2015	2016	2017	2018	2019	2020	2021	Q1 22	Q2 22	Q3 22
Number of operating banks	117	96	82	77	75	73	71	69	68	67
General balance sheet indicators (UAH billions)[2]										
Total assets	1,571	1,737	1,840	1,911	1,982	2,206	2,358	2,253	2,356	2,535
of which in foreign currencies:	800	788	755	779	718	746	679	618	648	798
Net assets	1,254	1,256	1,334	1,360	1,493	1,823	2,053	1,970	2,043	2,168
of which in foreign currencies:	582	519	507	495	492	585	583	554	575	695
Gross corporate loans[3]	831	847	864	919	822	749	796	793	794	836
of which in foreign currencies:	492	437	423	460	381	332	292	273	250	297
Net corporate loans[3]	614	477	451	472	415	432	540	567	548	564
Gross retail loans	176	157	171	197	207	200	243	250	236	231
of which in foreign currencies:	97	83	68	61	38	31	21	20	18	23
Net retail loans	96	76	92	114	143	149	200	201	178	154
Corporate deposits[3]	349	413	427	430	525	681	800	713	763	838
of which in foreign currencies:	141	177	163	150	191	233	233	223	254	311
Retail deposits[4]	402	437	478	508	552	682	727	768	787	861
of which in foreign currencies:	215	239	244	241	238	285	270	263	252	313
Change (yoy, %)										
Total assets	6.4%	10.6%	5.9%	3.8%	3.7%	11.3%	6.9%	1.8%	4.7%	12.1%
Net assets	-2.8%	0.2%	6.2%	1.9%	9.8%	22.1%	12.6%	7.3%	7.9%	12.2%
Gross corporate loans[3]	1.3%	2.0%	2.0%	6.3%	-10.6%	-8.8%	6.2%	5.6%	3.4%	6.6%
Gross retail loans	-15.7%	-10.4%	8.5%	15.3%	5.0%	-3.5%	21.6%	21.7%	8.1%	0.3%
Corporate deposits[3]	23.5%	18.2%	3.4%	0.8%	22.1%	29.7%	17.4%	4.5%	8.7%	14.9%
Retail deposits[4]	-0.3%	8.7%	9.4%	6.3%	8.6%	23.5%	6.6%	11.6%	12.3%	25.1%
Penetration[5] (%)										
Gross corporate loans[3]/GDP	41.8%	35.5%	29.0%	25.8%	20.7%	17.7%	14.6%	14.4%	15.1%	16.6%
Net corporate loans[3]/GDP	30.9%	20.0%	15.1%	13.3%	10.4%	10.2%	9.9%	10.3%	10.4%	11.2%
Gross retail loans/GDP	8.8%	6.6%	5.7%	5.5%	5.2%	4.7%	4.4%	4.5%	4.5%	4.6%
Net retail loans/GDP	4.8%	3.2%	3.1%	3.2%	3.6%	3.5%	3.7%	3.7%	3.4%	3.0%
Corporate deposits[3]/GDP	17.6%	17.3%	14.3%	12.1%	13.2%	16.1%	14.7%	12.9%	14.5%	16.6%
Retail deposits/GDP	20.2%	18.3%	16.0%	14.3%	13.9%	16.2%	13.3%	13.9%	14.9%	17.1%
Profit or Loss[6] (UAH billions)										
Net interest income	39.1	44.2	53.0	73.0	78.9	84.8	117.6	32.7	33.8	39.1
Net fee and commission income	22.6	24.2	27.5	37.8	44.0	46.5	58.0	10.8	10.1	13.9
Provisions	114.5	198.3	49.2	23.8	10.7	31.0	3.4	21.6	36.3	41.1
Net profit/loss	-66.6	-159.4	-26.5	22.3	58.4	39.7	77.4	-0.2	-4.5	12.0
Memo items:										
UAH/USD (period average)	21.84	25.55	26.60	27.20	25.85	26.96	27.29	28.55	29.25	35.00
UAH/USD (end-of-period)	24.00	27.19	28.07	27.69	23.69	28.27	27.28	29.25	29.25	36.57
UAH/EUR (period average)	24.23	28.29	30.00	32.14	28.95	30.79	32.31	32.28	31.20	35.20
UAH/EUR (end-of-period)	26.22	28.42	33.50	31.71	26.42	34.74	30.92	32.59	30.78	35.56

[1] Data for solvent banks for each reporting date.

[2] Including accrued income/expenses.

[3] Including nonbank financial institutions.

[4] Including savings certificates.

[5] GDP is calculated as per the 2008 national accounts system methodology. From 2008 through 2013, it includes data for the Autonomous Republic of Crimea and City of Sevastopol.
From 2014 through 2019, it excludes data for the temporarily occupied Autonomous Republic of Crimea and City of Sevastopol and part of the Anti-Terror Operation/Joint Forces Operation zone.

Data for Q1–Q3 2022 uses GDP estimates from the October 2022 Inflation Report.

[6] Including adjusting entries.

Notes

The source for the data is the National Bank of Ukraine, unless otherwise noted. Data for 2022 take into account adjusting entries (except for data of small banks that have not submitted their balance-sheet data with adjusting entries as of 1 January, 1 April, and 1 July – these were 1–2 banks depending on the date.)

The sample of banks consists of the banks that were solvent at each reporting date, unless otherwise stated.

The sample of banks that were solvent as of the last reporting date includes those banks that merged with other banks using a simplified procedure.

Banks are classified into groups on the basis of the decision of the NBU Committee on Banking Supervision and Regulation and Supervision (Oversight) of Payment Systems.

State-owned banks are Ukrainian banks with public capital excluding PrivatBank, unless otherwise specified.

Foreign banks are banks where the share of capital owned by at least one foreign investor (including foreign states) is no less than 10 percent.

Private banks are banks whose qualifying holders are exclusively residents of Ukraine.

The data include accrued interest as of the end of the period (month, quarter, year), unless otherwise specified.

Gross loans are loans not adjusted for provisions against asset-side banking transactions.

"Fixed-exchange-rate-based change" refers to the foreign-currency sum of an instrument being calculated using the exchange rate at the beginning of the period.

Data on corporate loans and deposits include data on nonbank financial institutions.

Retail deposits include certificates of deposit, unless otherwise specified.

The sum of individual components and the total may differ due to rounding.

Terms and Abbreviations:

ATM	Automated teller machine / cash dispenser
FX	Foreign currency
CIR	Cost-to-Income Ratio
GDP	Gross domestic product
HHI	Herfindahl-Hirschman Index
IFI	International financial institution
NBU CD	NBU certificate of deposit
NBU	National Bank of Ukraine
NFC	Non-financial corporation
NPL / NPE	Non-performing loans / exposures
T-bills&bonds	Domestic government debt securities and debt securities refinanced by the NBU, which are carried at (1) fair value through profit or loss, (2) fair value through other comprehensive income, and (3) amortized cost.
POS	Point of sale
ROE	Return on equity
UIRD	Ukrainian Index of Retail Deposit Rates
pp	Percentage point
UAH	Ukrainian hryvnia
USD	United States dollar
Eq.	Equivalent
Q	Quarter
bn	Billion
r.h.s.	Right-hand scale
yoy	Year-on-year
qoq	Quarter-on-quarter
Sub.	Subordinated